

Message Text

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PAGE 01 DOHA 00587 020912Z
ACTION NEA-10

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R 020700Z MAY 78
FM AMEMBASSY DOHA
TO SECSTATE WASHDC 3606
INFO AMEMBASSY ABU DHABI
AMEMBASSY JIDDA
USINT BAGHDAD
AMCONSUL DHAHRAN
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
USLO RIYADH
USDOC WASHDC

UNCLAS DOHA 587

ABU DHABI PASS DUBAI

E.O. 11652: N/A
TAGS: EMIN QA
SUBJECT: QATAR STEEL COMPANY (QASCO) OPENS PLANT IN UMM SAID

1. THE NEW QATAR STEEL COMPANY STEEL MILL CONTINUOUS BILLET CASTING PLANT AND ROLLING MILL OPENED WITH ALL THE USUAL POMP AND CIRCUMSTANCE ON 26 APRIL 1978. PLANT, CONSTRUCTED AND TO BE OPERATED BY KOBE STEEL AND TOKYO BOEKI, WAS COMPLETED AND OPENED AHEAD RPT AHEAD OF SCHEDULE. PROJECT WAS COORDINATED BY INDUSTRIAL DEVELOPMENT TECHNICAL CENTER AND TIMELY COMPLETION HAS ENHANCED REPUTATION OF THIS ALREADY POWERFUL INDEPENDENT AGENCY OF GOQ.

2. FACILITIES INCLUDE: (1) DIRECT REDUCTION PLANT; MIDREX PROCESS, PRODUCTION CAPACITY: 400,000 M. TONS/YEAR; (2) ELECTRIC ARC FURNACES, TWO UNITS, EACH WITH CAPACITY TO PRODUCE 207,900 M. UNCLASSIFIED

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TONS/YEAR OF STEEL; (3) CONTINUOUS BILLET CASTING PLANT, TWO UNITS, EACH WITH PRODUCTION CAPACITY OF 526,800 M. TONS/YEAR HAVING CONTINUOUS OUTPUT OF STEEL BILLETS MEASURING 150MM X 150MM X 3-4 METERS AND 110MM X 110 MM X 6 METERS; AND (4) ROLLING MILL WITH PRODUCTION CAPACITY OF 331,472 M. TONS/YEAR, CONTINUOUS OUTPUT OF 12 METER LONG 10-32 MM DIAMETER REINFORCING RODS.

3. ANNUAL PRODUCTION EXPECTED TO BE 300,000 METRIC TONS OF REINFORCING RODS AND 100,000 METRIC TONS OF STEEL BILLETS. THIRTY PERCENT OF REINFORCING RODS ARE EXPECTED TO BE MARKETING IN QATAR WITH THE REST TO BE MARKETING IN GULF AREA BY KOBE STEEL AND TOKYO BOEKI. STEEL BILLETS WILL BE PROCESSED BY KOBEMSTEEL IN JAPAN AND PRODUCTS WILL ENTER MARKET FROM THERE.

4. COMPANY ORGANIZATION: OWNERSHIP: GOQ 70 PERCENT, KOBE STEEL 20 PERCENT, TOKYO BOEKI 10 PERCENT. INITIAL CAPITALIZATION: QR 200 MILLION (\$51.5 MILLION). BOARD OF DIRECTORS: CHAIRMAN IS MOHAMMAD SAID AL-MISHAL (KNOWN AS SAID MISHAL), DIRECTOR GEN. OF INDUSTRIAL DEVELOPMENT TECHNICAL CENTER. MEMBERS TO BE DRAWN FROM STOCKHOLDERS. MANAGEMENT: KOBE STEEL. MARKETING: TOKYO BOEKI. NUMBER OF EMPLOYEES: 1000 (ALMOST ALL JAPANESE). ADDRESSES: P.O. BOX 10090, UMM SAID, QATAR (ARABIAN GULF) AND P.O. BOX 689, DOHA, QATAR (ARABIAN GULF). PHONES: UMM SAID 77631, DOHA 321000. TELEXES: (DOHA) 4606 QASCO DH, 4362 QSTEEL DHWAM CABLE ADDRESS: QSTEEL DH.

5. QASCO EXPECTS TO CASH IN ON BEING FIRST PRODUCTION FACILITY IN GULF. OFFICIALS BECOME LESS WILLING TO TALK ABOUT WHAT WILL HAPPEN TO MARKET WHEN OTHER FACILITIES OPEN IN GULF AND LOCAL COMPETITION GETS HOT. IF PAST PATTERN PREVAILS, QASCO WILL SHOW GREAT PROFITS SINCE QATARI ACCOUNTING SYSTEM USUALLY DOES NOT SHOW NATURAL GAS FUEL AS LINE ITEM IN EXPENSES COLUMN SINCE UNCLASSIFIED

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"IT WOULD BE FLARE UP IF WE DIDN'T USE IT." QASCO OFFICIALS CLAIM THAT EVEN IF FUEL PRICE IS ASSESSED QASCO WILL MAKE A HEALTHY PROFIT. WE'LL KNOW IN A YEAR WHETHER THEY ARE RIGHT. KILLGORE

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Message Attributes

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